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NATIONAL OUTPUT OF GOODS AND SERVICES

ANNCR:

THE RECENT SUMMIT CONFERENCE IN BONN FOCUSED ATTENTION ANEW ON BOTH NATIONAL AND WORLD ECONOMIC GROWTH RATES. VOA BUSINESS AND ECONOMICS EDITOR FRANK FEINBERG EXAMINES SOME ASPECTS OF THIS SUBJECT.

VOICE:

ECONOMIC GROWTH COMBINES THE OUTPUTS OF HUMAN RESOURCES, NATURAL RESOURCES AND CAPITAL. AND PRODUCTIVE GROWTH IN THE NINETEEN-SIXTIES AND UP TO 1973 MADE POSSIBLE RISING LIVING STANDARDS BOTH IN INDUSTRIALIZED AND DEVELOPING NATIONS.

ACTUALLY, OVER A TWENTY-FIVE YEAR PERIOD, PRODUCTION OF GOODS AND SERVICES IN THE MAJOR INDUSTRIALIZED NATIONS NEARLY QUADRUPLED. AND IN OTHER COUNTRIES ENTERING THEIR INDUSTRIAL ERAS, SUCH AS BRAZIL AND THE REPUBLIC OF KOREA, ECONOMIC GROWTH HAS MADE FOR IMPROVED LIVING.

HOWEVER, IN RECENT YEARS ECONOMIC GROWTH IN MOST COUNTRIES HAS NOT BEEN VIGOROUS. THE DECLINE HAS OCCURRED, AMONG OTHER CAUSES, BECAUSE OF INCREASED INFLATION, HIGHER UNEMPLOYMENT, SLOWDOWNS IN LABOR PRODUCTIVITY, AND THE ESCALATION OF PETROLEUM PRICES. ALSO, IN THE INDUSTRIALIZED DEMOCRACIES ENVIRONMENTALISTS HAVE CHALLENGED THE DESIRABILITY OF RAPID ECONOMIC GROWTH. AND IN SOME COMMUNIST STATES, ESPECIALLY IN THE SOVIET UNION, INDUSTRIAL OUTPUT HAS DECLINED WHEN CAPITAL HAS BEEN ALLOCATED BY POLITICAL FIAT--RATHER THAN BY ECONOMIC REALITIES.

SINCE 1974 THE UNITED STATES AND MOST OTHER MAJOR INDUSTRIAL ECONOMIES HAVE SUSTAINED SLOWDOWNS IN ECONOMIC GROWTH RATES.

A NUMBER OF NATIONS HAVE EXPERIENCED RECESSIONS, CURRENCY INSTABILITY, WEAKNESS IN CAPITAL FORMATION, AND RAPIDLY RISING ENERGY COSTS. ALL THESE FACTORS TENDED TO SLOW THE GROWTH OF PRODUCTIVITY, AND RESULTED IN LOSS OF POTENTIAL MANUFACTURING OUTPUT.

THERE ARE SIGNS THAT PRODUCTIVITY SHOULD BEGIN TO PICK UP AGAIN IN THE NOT TOO DISTANT FUTURE. INDUSTRIES ARE ADJUSTING TO THE ENERGY SITUATION. AS EXISTING MACHINERY IS GRADUALLY REPLACED BY MORE ENERGY-EFFICIENT FACILITIES, PRODUCTIVITY WILL IMPROVE. THERE ARE OTHER FACTORS PECULIAR TO INDIVIDUAL NATIONS. FOR EXAMPLE, U.S. PRODUCTIVITY HAS BEEN AFFECTED BY THE ENTRY OF GREAT NUMBERS OF RELATIVELY LOW-SKILLED TEENAGERS AND WOMEN INTO THE LABOR FORCE. THIS INFLUX WILL SLOW DOWN OVER THE NEXT SEVERAL YEARS . . . AND PRODUCTIVITY SHOULD BE HELPED.

ACCORDING TO THE EXPERTS, WESTERN EUROPE AND JAPAN NOW ARE QUITE CLOSE TO U.S. LEVELS OF PRODUCTIVITY, WHEREAS THE UNITED STATES HAD BEEN RECOGNIZED FOR MANY YEARS AS HAVING THE HIGHEST PRODUCTIVE CAPACITY. BUT BEYOND THE RANKINGS OF THE NINETEEN EIGHTIES THERE MUST BE HIGHER PRODUCTIVITY LEVELS . . . AND ENSUING HIGHER ECONOMIC ACHIEVEMENT.

JS/RD